GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2499
ANSWERED ON:14.12.2015
Trade with China
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

a) whether the Government has set any target to increase trade with China and if so, the details thereof along with the manner in which the Government proposes to achieve this target;
b) the details of incentives proposed to be given by the Government in this regard;
c) whether there is an increase in trade deficit with China and if so, the details thereof along with the reasons therefor and the steps taken by the Government to end the increasing trade deficit with China; and
d) whether any efforts are underway to discover new aerial routes to Southern China and Tibet to encourage trade and if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE)
(SMT. NIRMALA SITHARAMAN)

(a): No, Madam. Government has not set any target to increase trade with China.

(b): Government of India has notified Foreign Trade Policy (FTP) 2015-20 which came into force on 1st April 2015. Under the new FTP, two scheme namely, 'Merchandise Exports from India Scheme' (MEIS) and 'Services Exports from India Scheme' (SEIS) have been introduced which provide rewards/incentives at notified rates to all exporters for export of notified goods to notified markets and to notified services. The reward rates are varying from 2-5% under MEIS and from 3-5% under SEIS. China has been placed in country Group B under MEIS. Details of the FTP 2015-20 are available at the website of the Directorate General of Foreign Trade at http://dgft@gov.in

(c): Details of trade and trade deficit with China during the last three years and the current year are given below:-

Bilateral Trade between India-China 2012-13 to 2014-15 and the current year

Value in USD Million

Year	Import	Export	Total Trade	Trade Deficit
2012-13	52,248.33	13,534.88	65,783.21	38,713.45
2013-14	51,034.62	14,824.36	65,858.98	36,210.26
2014-15	60,409.76	11,935.54	72,345.30	48,474.22
2015-16 (April-Oct.)(P)	36,996.46	5,351.23	42,347.69	31,645.23

(P); Figures are Provisional (Source; DGCI&S)

Increasing trade deficit with China can primarily be attributed to the fact that Chinese exports to India rely strongly on manufactured items meeting the demand of fast expanding sectors like telecom and power while India's exports to China are characterized by primary products, raw material and intermediate products. Manufactured items catering to India's power, telecom, and other fast growth sectors contribute a significant proportion towards China's imports into India. Other major imports are of products such as computer hardware and peripherals, bulk drugs and drug intermediates, project goods, fertilizers and chemicals, consumer electronics, iron and steel and products thereof etc. These imports feed the growing demand in India for such goods which China, due to variety of reasons, is able to export to India at competitive prices.

Ministry of Commerce of the People"s Republic of China and Ministry of Commerce & Industry of the Republic of India jointly developed and signed in September 2014 the Five-Year Development Program for Economic and Trade Cooperation in order to lay down a medium term roadmap for promoting balanced and sustainable development of economic and trade relations between China and India, on the principle of equality and mutual benefit.

The Five Year Program recognizes "that trade deficit with China is a matter of high concern for India. Against this background and in the spirit of mutual benefit, India and China shall endeavour to strengthen cooperation and gradually achieve bilateral trade balance over the next 5 years. India and China shall further endeavour to increase bilateral trade in services particularly Information Technology (IT) & Information Technology Enabled Services (ITES) in the next 5 years."

(d): There is no specific proposal with Government of India to discover new aerial routes to Southern China and Tibet, at present.
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